



PSC NEWS

Missouri Public Service Commission

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PSC ORDERS SECOND REDUCTION IN NATURAL GAS RATES FOR MISSOURI GAS ENERGY CUSTOMERS

JEFFERSON CITY—For the second time in less than a month, Missouri Gas Energy (MGE) customers will see natural gas rates drop due to estimated changes in the wholesale cost of natural gas.

In order that customers receive the immediate benefits of this latest rate reduction of approximately 8.8%, the Commission has ordered the rate decrease take effect on **Tuesday, February 7, 2006**. MGE's filing originally contemplated a February 16, 2006 effective date.

A residential customer currently pays approximately \$0.94 per Ccf (per 100 cubic feet of gas). Under this filing, MGE will drop that rate to approximately \$0.86 per Ccf (per 100 cubic feet of gas), a decrease of approximately \$0.08 per Ccf. According to MGE, this represents a reduction of approximately 8.8%. This reduction follows an approximate 20% drop in natural gas rates for customers which took effect on January 11, 2006.

Approximately 70% to 80% of a customer's natural gas bill reflects the cost of natural gas from wholesale suppliers. The wholesale cost of natural gas (the cost your local natural gas company must pay to its suppliers for natural gas) is not regulated by the Missouri Public Service Commission. The wellhead cost of natural gas is unregulated and is primarily driven by supply, demand and the weather. The Missouri Public Service Commission does conduct an annual regulatory review to ensure that regulated natural gas companies make prudent decisions in securing natural gas supplies for their customers.

Missouri Gas Energy serves approximately 500,000 natural gas customers in western Missouri.